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REVIEW OF THE IMPLEMENTATION OF THE DECLARATION ON THE STRENGTHENING OF INTERNATIONAL SECURITY

Report of the Secretary-General

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* A/48/150 and Corr.1.

I. INTRODUCTION

1. At its forty-seventh session, the General Assembly adopted resolution 47/60 A of 9 December 1992, entitled "Review of the implementation of the Declaration on the Strengthening of International Security". In that resolution the General Assembly, inter alia, invited Member States to submit their views on the question of the implementation of the Declaration, particularly in the light of recent positive developments in the global political and security climate, and requested the Secretary-General to submit a report to the Assembly at its forty-eighth session on the basis of the replies received.

2. Pursuant to the request of the General Assembly, the Secretary-General addressed a note verbale on 6 April 1993 to the Governments of Member States inviting them to submit, by 30 July 1993, their views in accordance with paragraph 13 of resolution 47/60 A.

3. To date, the Secretary-General has received replies from four countries. Any further replies will be issued as addenda to the present report.

II. REPLIES RECEIVED FROM GOVERNMENTS

DOMINICAN REPUBLIC

[Original: Spanish]

[21 July 1993]

1. The Dominican Government is firmly resolved to support all measures taken by the Organization with a view to implementing and strengthening international peace-keeping and security in all their aspects, especially in view of the recent changes in the international political system, which have also transformed world security arrangements on the international scene.

2. The Government of the Dominican Republic also reiterates its unconditional support for the principles and norms of international public law and the Charter of the United Nations as another form of expressing its desire for peace and its respect for the dispute-settlement mechanisms accepted by international public law and reaffirmed in Article 33 of the Charter of the United Nations.

PANAMA

[Original: Spanish]

[24 June 1993]

1. The Republic of Panama, as a country filled with love and respect for peace, lauds the work of the Secretary-General of the United Nations at a time when the world is faced with new post-cold-war challenges. It is now incumbent on all peace-loving States to join forces in the struggle to eliminate the

threat of a conventional weapons build-up. This will serve to highlight respect for the proposals and principles of the Charter of the United Nations, especially as regards the principles of the sovereign equality of States; the peaceful settlement of disputes and refraining from the use or threat of force in international relations; and respect for basic human rights and fundamental freedoms.

2. We are hopeful that the dialogue between the United States of America and the Russian Federation will move the two nations to renounce strategic doctrines based on the use of nuclear weapons and to eliminate weapons of mass destruction, thereby guaranteeing a climate of trust and world security. In this context, we should spare no effort to take steps to prevent war, reduce political confrontation and maintain stability and cooperation in all spheres of relations between States.

3. We share the views contained in the Secretary-General's "Agenda for Peace" and believe that using preventive diplomacy, seeking to prevent conflict and keeping the peace are essential to the strengthening of international security. Like you, we believe that: "Never again must the Security Council lose the collegiality that is essential to its proper functioning, an attribute that it has gained after such trial. A genuine sense of consensus deriving from shared interests must govern its work, not the threat of the veto or the power of any group of nations ... agreement among the permanent members must have the deeper support of the other members of the Council, and the membership more widely, if the Council's decisions are to be effective and endure (ibid., para. 78).

QATAR

[Original: Arabic]

[27 July 1993]

The Government of Qatar, in the light of recent developments on the international scene in the last two years, considers that what the international community must do in order to ensure the implementation of the Declaration on the Strengthening of International Security, adopted in 1970 by General Assembly resolution 2734 (XXV), is for the international community, as represented in the United Nations and the United Nations Security Council, to take a resolute and effective stand on aggression, the use of force to acquire territory and the commission of crimes against humanity against peoples or a particular people for no reason other than their ethnic or religious affiliation. All of this the international community is witnessing in Bosnia and Herzegovina and is, unfortunately, standing passively by. If the situation were to continue, the lofty meanings enshrined in the above-mentioned Declaration would have no value, there would be no benefit from the existence of such a declaration and there would be no point in seeking means of ensuring its implementation.

SUDAN

[Original: Arabic]

[28 July 1993]

1. The strengthening and promotion of international security can come into effect only through the full realization of the principle of equitable treatment. It is not possible for the various countries of the world to feel secure in an atmosphere of selectivity and double standards and with the major Powers monopolizing decision-making on matters of international security by reason of their influence in the Security Council and their right of veto. Third world countries will continue to feel insecure unless the international system and the current international bodies are modified in such a way as to become more democratic and to reflect more clearly the legitimate aspirations of the different States without pressure from the major Powers. Here it is essential to strengthen the role of the General Assembly so as to make it equal in importance to the Security Council.

2. Precise and objective criteria must be established by independent academic bodies, not political ones that seek to endorse a reality that affirms the hegemony of the major Powers. Objectivity is required so that States are not accused of violating human rights while more heinous practices elsewhere in the world are ignored. In this connection, a fact-finding mechanism might be set up that would be acceptable to all the parties concerned, and, in the light of the data provided by such mechanism, a decision could be taken to intervene or not. Objectivity and the fact-finding mechanism would be important factors in preventing blatant interference in the affairs of smaller States and the use of various issues such as human rights and terrorism as pretexts for interference.

3. There is a need for a reaffirmation of the provisions of the Charter of the United Nations relating to the right of States to enjoy independence and to choose their own political and cultural orientations without interference from outside forces, since waiving this right on grounds of humanitarian intervention may open the door wide to political decisions adopted by the Powers that dominate the United Nations and the Security Council. Reaffirmation of the right of States to choose their own cultural orientation is a primary element in the sense of security of those States and an important means of enriching international political thought, freeing it from the mind set that regards the Western democratic model as the ideal form of government.

4. A just system can only come from a close examination of international institutions and how they operate. Such institutions may continue to be influenced by the major Powers unless agreement is reached to revise permanent membership in the Security Council and the veto in such a way as to render the Security Council more representative of the States of the world and to ensure that the veto does not become a means of domination by those very Powers.

5. Maybe the most important of the proposals that may be put forward in the context of the Declaration on the Strengthening of International Security (General Assembly resolution 2734 (XXV)) are full and serious commitment to the provisions of the above-mentioned Declaration, reaffirmation of the principles contained therein, such as those set forth in operative paragraphs 2, 4, 5, 6

and 12, and an ongoing endeavour to reinforce, inculcate and uphold these principles.

6. It is perhaps self-evident that all States Members of the United Nations should respect the principles and provisions of the Charter and be bound by the international agreements to which they have voluntarily acceded and which enshrine respect for man as a being having rights and obligations.

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REPLIES RECEIVED FROM GOVERNMENTS

BURKINA FASO

[Original: French]

[29 July 1993]

The Government of Burkina Faso has the honour to state that it welcomes all concerted measures designed to re-establish, maintain and strengthen international security and invites the United Nations to take into account all the parameters contributing to the safeguarding of our international community through the implementation of the Declaration on the Strengthening of International Security.

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DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION

Integration of the economies in transition into the world economy: the role of the United Nations

Report of the Secretary-General

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I. INTRODUCTION

1. By its resolution 47/187 of 22 December 1992, the General Assembly requested the Secretary-General to coordinate and strengthen the ability of the United Nations system to conduct analytical and policy advice activities regarding changes that take place in the economies in transition 1/ as they integrate into the world economy and therefore to prepare a report "on the role of the United Nations system in addressing problems facing the economies in transition" for the General Assembly at its forty-eighth session with the full cooperation of the relevant organizations and bodies of the system. In fulfilling this mandate, the Secretary-General took into account, among other prior or concurrent work on the transition economies, his report 2/ to the 1991 high-level meeting of the Economic and Social Council on the subject and the Council's report 3/ containing the views of Member States, as well as the concluding statement of the President of the Council (also available as E/1991/SELM/INF.2); his report on the evolution of East-West relations on global growth and development to the General Assembly at its forty-seventh session (A/47/403); his report on the impact of the recent evolution of the economies in transition on the growth of the world economy, in particular on the economic growth and development of developing countries as submitted, in response to resolution 47/175 of 22 December 1992, to the Assembly at its forty-eighth session and the replies received from the agencies and organizations of the United Nations system regarding their views on the subjects cited in Assembly resolution 47/187.

2. In response to General Assembly resolution 47/187, all relevant United Nations bodies were invited to submit their views on: (a) the nature of assistance activities undertaken by each with an explanation of the successes and difficulties experienced in working towards the set goals; (b) current plans for delivering assistance in the short term (approximately until the end of 1994) 4/ to the transition economies; and (c) the overall successes with assisting the economies in transition obtained thus far within the United Nations system as perceived by each agency and how improved coordination could facilitate implementation of plans adopted by each agency.

3. The political and economic transformations of the eastern part of Europe opened a fresh perspective on how these nations would henceforth function and steer their societies. They also promised a major change in the ways in which these countries would interact within the global framework through trade, finance, labour mobility and participation in regional and international regimes, including the relevant institutions. It was widely believed that, after a comparatively brief adjustment period, at considerable cost to the countries themselves as well as to their more vulnerable partners, they would resume growth with positive spillover effects for the world economy. International assistance was expected to offset part of the burden and to assist these countries in smoothing their transition, thereby accelerating the opening of a new growth path.

4. Part of the initial enthusiasm about the potential for economic, political and social changes in the eastern part of Europe and about the effects of the integration of these countries into the global economic framework has dissipated. The unprecedented nature of the challenges emanating from moving

rapidly towards a market-based economy in a pluralistic political setting proved difficult to cope with. The resulting uncertainty, as well as the protracted economic depression ensuing from applying transition policies, at times experimental, have impeded this integration process.

5. Although many transition economies have made strenuous efforts to regain external and internal stability and, indeed, open up to the world economy, only now are the first signs of economic recovery appearing in some countries, particularly in Central Europe. In addition to forging new trade and finance links, they have also joined multilateral agencies or regularized their status therein. In addition, the international community has launched several efforts to assist the transitional efforts, including activities to strengthen the credibility of policies. None the less, the effective delivery of assistance and inflows of foreign direct investment have lagged well behind expectations. In many cases also, domestic economic agents continue to be apprehensive about the future and are therefore refraining from any but very short-term investments.

6. The construction of a market-based economy fully anchored in the global economy poses a range of complex issues, of which the availability and strategic utilization of adequate information for decision-making regarding economic, political and social problems at both the micro and the macro levels, among other governance tasks to be performed, are especially important. The current bottlenecks caused by inappropriate hardware and software can be removed only through determined efforts of Governments in conjunction with technical assistance from abroad. In some cases financial assistance may be needed as well.

7. The various bodies of the United Nations family possess rich stores of knowledge that can broadly be defined as "information" pertaining to virtually all aspects of development. In some cases, countries in transition can draw upon this knowledge in the form of traditional technical assistance and benefits from it with only marginal effects on their attempts to integrate into the global economy. In other contexts, these stores of knowledge can be mobilized far more effectively so that the country in question benefits directly as well as indirectly from far greater credibility, predictability and transparency of policy commitments. Such information should also enhance efforts to improve coordination at various multilateral levels, if only to compress transaction costs. Some United Nations bodies can also provide sizeable financial resources, albeit largely on commercial terms. This is true particularly of the multilateral financial organizations.

8. But there are other multilateral agencies, including regional organizations, outside the United Nations system that provide technical and financial assistance. Because of this multiplicity, both among recipients (now 27 transition economies) and donors (at least the Governments of the members of the Group of Twenty-four and some dozen multilateral agencies, each with its own multiple constituencies), ensuring effective coordination on a continuous basis has become a priority matter. This is as true at the global level, considering all recipients and donors, as it is within the United Nations system. However, analysis of the assistance provided by agencies outside the United Nations system is beyond the scope of this report.

9. The international community has provided a substantial assistance to the transition economies. Nevertheless, much remains to be done to strengthen these countries' domestic capacities so that they can evolve into flexibly functioning market-based economies participating in a pluralistic political setting. The situation is far from uniform among the recipients because of prior experience, including the time differentials that mark their respective shifts towards transition policies. This variety poses a particular challenge not only in conceptualizing and delivering assistance to individual countries, but also in coordinating this assistance for maximum positive effect. This prospect is especially daunting for the newly independent States in which information systems will have to be built virtually from the ground up. The process will require human resource development; institution-building; the transfer of software and hardware; the monitoring of applications for policy-making purposes on an almost continuous basis for some time to come.

10. By now virtually all United Nations agencies have become involved in assisting the transition economies within their respective spheres of competence. Some have been able to carry out their mandate with minimum delay. Others have had to take stock of the situation of various countries before being able to formulate strategies for the best possible transfers of the knowledge they possess. Some have also been delayed because of resource constraints. Because of the differences among the various transition economies in both the nature and timing of the systemic changes they envision, some agencies are only now embarking upon operational activities or planning to do so in the very near future.

11. The actual integration of a country into the world economy is largely a function of developments in trading and financial links, as well as changes in communications infrastructure and technology. The recent dynamics in trade and finance of the transition economies have been monitored in a number of United Nations documents, including recent issues of Economic Survey of Europe, Economic Bulletin of Europe and World Economic Survey, as well as in several reports of specialized agencies, notably those of the International Monetary Fund (IMF or Fund).

II. THE OVERALL SETTING OF THE TRANSITION ECONOMIES

12. With the political revolutions in eastern Europe that took place in mid-1989, the opportunities for sustaining intragroup interactions and, indeed, the environment for cooperation at the global level altered profoundly. The new aspirations of most of these countries crystallized around two critical notions: pluralistic political decision-making and market-based economic systems. Both offered unusual opportunities for enhancing global cooperation.

13. Not only would enhanced management of the global economy follow from the new willingness of the countries in transition to play active roles in existing international economic regimes, roles they had largely spurned earlier; it would ease the task of multilateral organizations that are vital to ensuring the framework within which global peace and economic stability can be developed. The desire of these countries to strive for an open market-based economic system fully anchored into the global economy promised opportunities for expanding global economic interactions for virtually all partners.

14. It was clear from the start, however, that realizing fundamental transition ambitions would pose difficult problems for some countries, especially those that had maintained close links with the former communist regimes in Europe. It would also interrupt regular trade and payment relations, both among the transition economies and with their other trading partners, if only because of the unavoidable economic decline that far-reaching economic transformation was bound to engender.

15. None the less, it was generally expected in early 1990 that the transitions would soon result in positive growth with favourable effects on trading partners, given the desire of these countries to integrate fully into the world economy, to modernize their economic structures largely through imports of equipment and capital and to increase the supply and variety of goods and services within their borders, at least partially through imports. Whether every single partner country could hope to benefit from these developments would, of course, depend on competitive and institutional capabilities.

16. In the economic sphere, four interlinked areas of policy attention were envisaged: stabilization, liberalization, privatization and institution-building. Each such node was associated with at least five qualifiers: comprehensiveness, speed, intensity, sequencing and sectoralism. Some tasks of the transformation agenda had to be undertaken quickly (for example, generalizing access to foreign exchange); others could be tackled fairly rapidly (for example, privatization of small-scale assets), but a third category consisted of measures that could be introduced only over time, notably divestment of large state-owned assets.

17. Adjustment policies, developed in part with official external assistance, were expected to correct internal and external imbalances and thus lead to economic stabilization, including that of domestic prices. Liberalization was intended to open these economies to external competition through free trade regimes and agreed exchange rates at which foreign currencies would generally be available, at least to enterprises. Both were envisaged as strengthening expectations about the economic, political and social outlook, which, in turn, would encourage investment from domestic sources and abroad. The resulting impetus to growth, wealth and new savings was expected to reinforce stability, further improve the investment climate and thus support endogenous growth capabilities.

18. Although most transition economies have introduced significant adjustment policies with external assistance, attaining stability and bolstering confidence has been much more complex and protracted than had been anticipated. Stabilization in some sense was regained fairly quickly, notably in terms of rectifying external balances, reducing the pace of inflation and improving domestic balances. Many of these gains, however, were subsequently lost, at least partially, because of lack of progress in more fundamental structural aspects of the transformation, notably privatization and institution-building. Some countries, especially those of Central Europe, increased their exports, even though they had to undertake a massive redirection of their trade because of the abrupt collapse of their former links within the context of the Council for Mutual Economic Assistance (CMEA) 5/ and within the fractured economic unions. Since late 1992, this effort has been slowed by the recession in developed European countries, lack of progress with the micro-economic

transformation agenda and exhaustion of the export reserves stemming from the tremendous uncertainty in which state-owned enterprises find themselves. None the less, the potential for expanding trade is enormous. For example, in 1992, total trade of the five (now six) traditional Eastern European countries and the successor States of the former Yugoslavia, a region of almost 120 million people, barely equalled that of Switzerland, a country of just over 6 million, which had $65.6 billion of exports and $65.8 billion in imports. Given the promise of significant spillover effects for the global economy, including many developing countries, there is a continued need for support from the international community to help sustain the adjustment process.

19. The United Nations system as a whole is providing assistance in a wide variety of fields. The broader international assistance effort has been organized institutionally through two principal channels. The Commission of the European Communities (EC) has been entrusted with coordinating the assistance efforts of the Group of Twenty-four for the traditional Eastern European countries, as well as Albania, the Baltic States and the former Yugoslavia. Assistance to the successor States of the former Soviet Union, other than the three Baltic States, has been entrusted largely to IMF and the Group of Seven, following the "Washington Conference" format. 6/ However, virtually all western assistance, other than that rendered for emergency and humanitarian purposes, has been made contingent on the potential beneficiary's reaching an agreement with the Fund and, when not a member, on seeking accession. This condition applies even to disbursements of funds in support of technical assistance.

III. INTEGRATING THE TRANSITION ECONOMIES INTO THE WORLD ECONOMY

20. The aspirations of the transition economies regarding their merging into the global economy have not so far been satisfactorily realized. This stems in part from the fact that their initial hopes were too optimistic in terms of the abilities of these countries to absorb adjustment costs, to carry out rapid substantial changes in their institutions and the behavioural patterns of their agents, and to attract resource flows in various forms from the international community.

21. A comprehensive merging into the global framework must be pursued simultaneously at several interrelated levels. One channel is provided by opening up these previously sheltered - in some cases almost closed - societies to external competition, particularly through streamlined trade and financial links. But domestic liberalization efforts must reach further. As indicated above, a broad spectrum of changes in attitudes and behavioural patterns of economic agents is also necessary. These characteristics can be acquired through education and training, one tool of which is the transfer of knowledge mobilized through technical assistance by the international community. In the end, however, most of the desired behavioural changes will emerge from experience and adaptation to circumstances rather than through formal learning. Only through these complementary processes, the latter necessarily gradual, will agents in these societies begin to "think globally". Other activities, too, may indirectly facilitate "acting globally" in these societies. These include a range of strictly economic matters, among them, trade and finance, notably to elicit large foreign direct exchange inflows. But they also encompass the adoption of common health care standards; labour-market regimes; and

participation in global health networks and conventions. The degree of remedial action required depends directly on the extent to which these countries were previously insulated from the effects of reciprocal fertilization of trans-frontier information flows in the widest sense, as well as the progress they have achieved since the beginning of their transformation.

22. Another channel emerges from their joining existing multilateral regimes or regularizing their position within them. These include the global economic organizations, as well as institutions that deal with other areas in which purposeful interactions among nation-States are highly desirable. This calls for a new attitude towards regional governance and organizations involved in economic and other inter-State relations. In the end, it requires a certain deference of national sovereignty to "higher" authority.

23. A final and paramount element is attuning the internal institutional environment, notably its legal aspects, in the transition economies to multilateral principles and practices in a broad range of societal endeavours of national, regional and international importance. This is essential to attracting private financial flows from abroad, as well as to gaining a more advantageous position in global service transactions more generally.

24. These aspirations of moving from a planned to a market-based economy in a pluralistic political setting have been difficult to realize, largely because of the deeply rooted obstacles that inhere in the legacies of one-party rule and administrative planning. Additionally, as indicated above, uncertainty and the protracted recession have impeded the fuller integration of these transition economies into the global economy.

25. Despite these countries' explorations of new trade opportunities, as well as their redirection of much of their commerce away from CMEA mechanisms, other efforts towards integration have so far been disappointing in both their nature and magnitude. The effective delivery of assistance has lagged behind expectations. The anticipated access to private flows, notably foreign direct investment, has far exceeded what has materialized to date. Actual volumes of foreign direct investment have been comparatively small and their beneficial effect on the potential for resuming growth has been offset in several cases by capital flight or debt service flows.

26. None the less, most of the transition economies have now approached the existing international economic organizations with a view to gaining full accession to or regularization of their participation in the regimes in place, notably IMF, the World Bank and the General Agreement on Tariffs and Trade (GATT). Whereas membership in the first two is now all but complete for all these countries, full accession to others, notably GATT, 7/ is taking more time than the policy makers of these nations had assumed.

27. As section VI of this report demonstrates, integrating into the world economy through international economic assistance, including that channelled through the United Nations system, requires that transition economies be members of the various organizations available to provide such assistance. Not all transition economies are as yet full members of the entire spectrum of organizations. Many transition economies are reluctant to limit any of the sovereign powers that they have only recently acquired or reaffirmed.

IV. INFORMATION FOR A MARKET-BASED ECONOMY

28. Promoting the flow of information in a transparent and low-cost environment is essential to proper policy formulation. This holds, not only at the level of macroeconomic policy-making by those managing the transitions and their advisers, but even more within the micro-economic sphere, particularly now that the transition economies hope to create vigorous market-based economic systems. Much remains to be done.

A. Uncertainty during the transition

29. The shift away from administrative planning and a one-party political environment has been accompanied by an unusual degree of economic, political and social uncertainty. This stems partly from the nature of the transition, including: (a) the immense tasks ahead of rebuilding these societies almost totally; (b) the particular combination of experimental policies chosen; (c) the deep and protracted recession, even depression, that has manifested itself in the process, from which some transition economies are only now tentatively emerging, after three or four years, and (d) the difficulties of creating quickly functioning structures of governance at all levels of society. It also derives from an inadequate degree of predictability, reliability and transparency in the "information" that is being disseminated by economic actors, including central authorities.

30. Although the situation differs from country to country, several general observations can be made. For planning purposes, most information systems were necessarily geared to the requirements of each tier of the planning hierarchy, from those dealing with social problems at the micro-economic level to those responsible for macroeconomic change. In addition, many of these countries soon insulated themselves voluntarily from most foreign influences. They also distanced themselves from fuller integration in other areas that could simply not be disregarded without causing a variety of dysfunctions elsewhere in the economy, as well as limitations of economic and political autonomy. Moreover, within the context of CMEA economic cooperation, the transition economies had elaborated and adopted certain statistical and other information systems for subjects such as trade, national accounts and industrial reporting that varied considerably from standard international practices. They also kept their distance from most far-reaching technological developments, restricting information and shunning foreign direct investment and transitional corporations for a long time.

31. As indicated earlier, conditions vary considerably among these countries, owing in part to the duration of administrative planning, the administrative reforms and opening pursued by some of these nations since the late 1960s and the experience with transformation policies since the political revolutions. The problem of undisclosed or misleading statistical information collected under administrative planning can be remedied fairly quickly. Methodological divergencies from internationally accepted concepts and formats, including those used throughout the United Nations system, will require greater time and effort to correct. Here technical assistance from the international community, in some cases including the acquisition of basic hardware and software, can be provided over a comparatively short time. The success of such efforts, however, depends

on the potential recipients' full support through staffing policies, the development of the requisite minimum institutional infrastructures and an unwavering commitment to implement agreed programmes.

32. The tasks ahead are more complex in respect of collecting, processing, organizing and disseminating information that had not been systematically gathered because it was deemed either irrelevant, for planning purposes or potentially corrosive and therefore destabilizing from a sociopolitical viewpoint. In such cases too, assistance from the international community will be very helpful in principle, although to different degrees, depending on the prior experience of the respective countries. However, the resources required to tailor the specific needs of these societies to experiences abroad (such as those reflected in existing treaties, statistical systems, databases, and sampling techniques) will require much greater effort. 8/

33. The magnitude of such matters is of an altogether different order in the newly independent States. Although under administrative planning there were frequently regional (the former Soviet Union) or federal (the former Czechoslovakia and Yugoslavia) levels of planning and statistical reporting, information was actually compiled, processed, disseminated and utilized chiefly at the central level for a wide range of activities. This was the case notably for information concerning most external relations, particularly in the former Soviet Union. This store of knowledge may now devolve to one or several of the successor States. Others will have to develop their information systems, if not from the ground up, at least from a very low level of institutional support with poor hardware and software infrastructures. This sets a whole agenda for transferring existing clusters of knowledge built up in various multilateral agencies, including United Nations organizations. The effective mobilization of the "existing capital base" will require building or reconstructing the information infrastructure of the recipient country, a task that will entail the allocation of substantial human resources from the international community to this effort over a considerable period of time.

34. Although the transition economies that started early and from a knowledge base already well attuned to the global environment prior to the changes begun in 1989 have advanced most, they continue to need technical assistance in the field of information, including statistical systems. However, their requirements are generally moderate and fairly specialized, encompassing largely areas of information that were not deemed necessary under one-party rule with administrative planning.

35. By contrast, in the newly independent States, the tasks incumbent on the international community are vastly greater, notably in those countries that now find themselves at a comparatively low level of economic development. Institution-building in the area of information in these countries must perforce start from a very low level. It is here that the stores of knowledge available throughout the United Nations system can be transferred comparatively quickly and at modest cost.

B. Adapting information systems with international assistance

36. There is simply no ideal comprehensive information system that can be transferred in its entirety - and in record time - to the transition economies. None the less, the foundations of a new information system commensurate with the requirements of market-based decision-making, particularly in economic matters, can be cemented relatively quickly. Although this can be accomplished by system-wide assistance from much of the United Nations family, it must be remembered that there are multilateral agencies outside the United Nations system that are engaged in providing technical assistance in the field of information, as well as bilateral efforts to this end.

37. Several of these organizations have unique information bases or specialized capacities to deliver certain forms of technical assistance. Others complement the technical assistance or financial resources that the various United nations agencies can muster. This calls for continuing attention to the crucial issue of coordinating assistance to the transition economies.

38. One example of cooperation is the Steering Committee on the Coordination of Technical Assistance in Statistics to the successor States of the Soviet Union organized by IMF, which comprises the statistical divisions of the United Nations Secretariat and Economic Commission for Europe (ECE), the Food and Agriculture Organization of the United Nations (FAO), the International Labour Organization (ILO), the World Bank, the Organisation for Economic Co-operation and Development (OECD) and the EC's Statistical Office. The Steering Committee has agreed on assigning focal points and responsibilities among these agencies for different fields of statistics. In addition, coordination and cooperation is extended to some national statistical services of Member States active in providing the cited technical cooperation in statistics. A similar arrangement exists for the other Eastern countries led by the EC's Statistical Office.

39. A flexibly functioning, domestically integrated market economy that can compete effectively in global markets over the long term, can develop only when information is made available on a wide scale and at minimal transaction costs. Conversely, if the transition economies are to integrate themselves into the world economy - including the existing international economic regimes and the organizations entrusted with global economic coordination - they must be able to provide information on certain variables according to standard nomenclatures and methodologies. Finally, effective assistance depends upon an accurate identification of needs and a careful monitoring of the transition, including an assessment of the effects of the assistance - all processes that require the provision of accurate and ample information by the authorities in the transition economies. On all three of these counts, the situation in these countries leaves much to be desired.

C. Existing statistical capabilities

40. The state of existing statistical capabilities in a number of transition economies has been the subject of much comment over the years in national, regional and international publications, private as well as official. Much of this commentary has focused on the poor coverage or inaccuracy of the published figures or efforts to explain egregious variations in statistical methodologies

as compared to generally accepted evolving standards in the international community. The extent to which the perceived inaccuracy in disclosed information stems from biases in the reporting systems, defective methodologies or deliberate falsification is difficult to determine. There can be little doubt, however, that there are major deficiencies in existing official statistical compilations, largely inherited from the previous regimes. These shortcomings have recently been increasingly acknowledged in the transition economies themselves. Several countries have taken remedial action.

41. Much remains to be done, however, not only in terms of correcting historical data, particularly those still pertinent to current and prospective decision-making (managing external obligations or social welfare claims, for example), but also in explaining the methodology underlying current data releases. Not only must accuracy be guaranteed and major revisions properly documented; the data must also be reported according to standard methodologies and released through official channels, including the international organizations, from which they can be disseminated in the same way as data for market economies of long standing.

D. Statistical information systems for market-based decision-making

42. Different types of data are required for a number of reasons. One is that macroeconomic policy in a market economy relies largely on instruments of fiscal and monetary policy, rather than the direct controls imposed under administrative planning. Consequently, data different from those needed by a central planner are vital. Some can be generated only once new mechanisms, such as bodies for steering monetary policy or transformed fiscal systems, have credibly been put in place.

43. Perhaps even more important is the fact that a market economy thrives on coordinating decisions of independently functioning agents subject to competition or liberal entry-and-exit provisions. Reliable statistics, as well as other kinds of economic and commercial data - in some cases political and social information too - become essential to individual enterprises, whether long-standing or newly established. In this respect, it is crucial to accord priority to collecting, processing and disseminating appropriate information on the newly emerging private sector and the gradually legalized underground economy. Both types of activities were largely ignored in data collecting, processing and utilization for policy purposes under administrative planning. They are, however, paramount in turning these societies into a new, endogenous growth path. Consequently, better ways to include comprehensive information on these sectors in statistical reporting for policy purposes must be found urgently so that decision makers will be able to steer the transition properly by adopting pertinent policies or remedial actions on a timely basis.

44. Whereas private firms in mature market economies often invest in collecting their own data, by conducting sample surveys, for example, a considerable amount of market information is culled from official statistics, i.e., statistical activities inherent in central governance and financed largely through budgetary appropriations. For some while in the transition economies, few firms will be able, either organizationally or financially, to generate such information themselves or to support private data collection and dissemination agencies.

Currently, at least, such information is either provided by Governments or does not exist. In the latter case, a good deal of the uncertainty that has complicated transition policies to date will not be eliminated. The absence of fundamental information, including facts on the prevailing degree of uncertainty and its evolution over time, heightens the unrealistic expectations of economic agents or distorts them. It is bound to exacerbate the degree of frustration when failure that would be considered normal under market conditions occur.

45. The transition economies will also require statistics to monitor their progress towards a market economy and to track the adjustment of economic behaviour to new systems of incentives. Such data are necessary not only to formulate and implement proper policy measures; they are even more essential for monitoring, assessing and fine-tuning particular policies. They will be required, too, to enable providers of international assistance to ensure efficiency in their assistance policies and, indeed, to justify their activities to their own national or multilateral constituencies. Finally, accurate and detailed statistics are a vital source of information that will facilitate the integration of the transition economies, including their economic agents, into the international economy.

46. Statistics are thus a priority area for funnelling technical assistance to the transition economies. Improvement in this area has been mobilized through several bodies of the United Nations family, and also through the Organisation for Economic Co-operation and Development (OECD), the European Bank for Reconstruction and Development, the European Investment Bank and the Commission of the EC, among others. This cannot, of course, be seen as a completely separate area of activity from other endeavours in which financial and other assistance has been provided to these economies.

V. INTERNATIONAL COOPERATION, COORDINATION AND THE DISSEMINATION OF INFORMATION: THE ROLE OF THE UNITED NATIONS

47. As indicated in the Introduction, many bodies of the United Nations system possess huge stores of knowledge that could usefully be made available to the transition economies. This "capital stock" comprises not only internationally agreed-upon principles of statistical reporting on a variety of variables, but a substantial body of practical experience in applications, to widely varying socio-economic and political environments in countries at greatly differing levels of economic development and maturity.

48. The sum total of incremental resources required for transferring this information and experience would not be very great, particularly when viewed in the context of all the assistance efforts that the international community has mounted for the transition economies since 1989. 9/ In some cases, it may be useful to envision effecting this transfer through assistance efforts at the international level, perhaps with some input from the countries in transition, however limited their financial flexibility may now be.

49. Most United Nations agencies have become involved in the problématique of the transition economies. In some cases, this process involved no more than developing a better understanding of what has actually been taking place for policy purposes within the United Nations system itself. In other cases, it

extends to the participation of national decision makers in the activities of the United Nations agencies, including various conventions and treaties whose implementation is supervised by several. However, these are, at best, indirect ways of rendering assistance to the transition economies.

50. More direct ways have been pursued most actively by the Bretton Woods institutions, given their critical role in helping to finance balance-of-payments requirements (in the case of IMF) and longer-term structural transformations (in the case of the World Bank). Other organizations have demonstrated their utility through needs assessment missions; seminars and colloquia held in the transition countries, often with the active participation of their decision makers; information-delivery missions, such as those carried out in connection with the interpretation of existing conventions, codes and treaties; and the organization of workshops on specific topics, such as the privatization of state-owned assets, the restructuring of public enterprises, the requirements for building up effective labour markets, the desirability of two-tier banking systems, commercial banking and many other endeavours that have serious problems for at least some of the transition economies.

51. The overall effect of these assistance efforts cannot be directly measured. However, results can be gauged against the progress made in individual areas. As with many goods and services provided by the public sector, it is not always easy to assess results against expenditures. Most Governments have expressed their appreciation for the efforts undertaken by United Nations bodies during the past four years. But they have also expressed the hope that those which provide assistance will coordinate their efforts better among themselves and gear their efforts to the specific needs of the transition agendas.

52. Effective and speedy delivery of assistance available from the various United Nations agencies has been hampered by several circumstances. One has been the lack of experience with many of the transition economies, either because they are newly independent or because they had not previously participated, either extensively or at all, in the activities of these agencies. Another obstacle is the daunting nature of the transition agenda itself. For example, providing assistance on the development of social safety nets, which may well involve Habitat, the International Labour Organisation (ILO), the United Nations Children's Fund (UNICEF) and the World Health Organization (WHO), either individually or in concert, requires first a fairly comprehensive assessment of precisely what is available in a given country, the legacies of its past regimes and the resources upon which the transition can be built, as well as the way in which available resources are being affected by the evolving transition policies; the desirable aspirations for social protection for those adversely affected by the transition; assessment of funds earmarked from national and international resources that can be mobilized to support a social safety net; and how that safety net can actually complement the evolving features of the transition policies. This kind of multifaceted assessment in itself may require greater resources than those needed for the actual transfer of technical assistance.

53. Most of the agencies that responded to the request for their views on matters covered in resolution 47/187 have underlined the limited resources at their disposal to disseminate the technical information and communicate the monitoring skills that they possess. Funds currently earmarked for the

transition economies have been appropriated either from regular budgets or obtained through project financing, or received from bilateral donors on an ad hoc basis. The amounts involved, except in the case of the Bretton Woods institutions, are generally small, indicating that a considerable volume of useful information can be transmitted to the transition economies without significant new resources. But a number of agencies noted that their limited budgets had inhibited their efforts to transfer their information and know-how speedily and most effectively to the transition economies.

54. Many agencies also emphasized the room for improving coordination within their own institutions and even more with other agencies, notably those within the United Nations family. Several stressed the duplication that has stemmed from lack of coordination. The most frequent theme was the apparent need to improve coordination of the activities of the Bretton Woods institutions with those undertaken by those agencies that provide direct technical assistance. Because of the economic and financial difficulties faced by the transition economies, the bulk of assistance to date has been provided through the financial institutions as lead agencies, even in coordinating technical assistance. Several agencies underlined the difficulties in ensuring systematic coordination, even within the United Nations family. Several others stressed the importance of first communicating to the transition economies, particularly the newly independent States, the full range of the information that the United Nations system can provide. In addition trained nationals capable of working with technical agencies in project formulation are urgently required; if such people are not readily available now, resources should be appropriated on a priority basis to train them and to staff recipient agencies in the transition economies so as to ensure true technical cooperation.

VI. REPLIES FROM UNITED NATIONS AGENCIES AND ORGANIZATIONS

55. The following bodies, programmes and agencies contributed to the present report: the United Nations Offices in Geneva and Vienna, UNICEF, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the United Nations Population Fund (UNFPA), the World Food Programme (WFP), the Economic Commission for Africa (ECA), the Economic Commission for Europe (ECE), the Economic Commission for Latin America and the Caribbean (ECLAC), the Economic and Social Commission for Asia and the Pacific (ESCAP), the Economic and Social Commission for West Asia (ESCWA), Habitat (UNCHS), the Office of the High Commissioner for Refugees (UNHCR), the United Nations Drug Control Programme, the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Civil Aviation Organization (ICAO), WHO, the World Bank, IMF, the Universal Postal Union (UPU), the World Meteorological Organization (WMO), the International Maritime Organization (IMO), the World Intellectual Property Organization (WIPO), the International Fund for Agricultural Development (IFAD), the United Nations Industrial Development Organization (UNIDO), the International Atomic Energy Agency (IAEA), and GATT. 10/ The following highlights the key features of the replies and oral consultations.

A. United Nations Secretariat

56. Throughout the United Nations Secretariat, most assistance has been provided on subjects such as how best to elicit foreign direct investment, the operations of transnational corporations, entrepreneurship, privatization, criminal justice and social safety nets.

57. The Secretariat departments that deal with economic and social affairs have focused their operational activities in part through the creation of a special section on strengthening national capacities, particularly in the areas of public administration, demographic analysis and policies, management, entrepreneurship, assimilation of foreign direct investment, changing national accounting and improving statistical systems, privatization, investment promotion and environmental management in a market setting. These activities have been carried out largely through formal training, seminars and workshops. The effort has been most intensive in transition economies with limited prior experience in these areas. These departments have also actively participated in the "Washington Conference" assistance mechanisms. Further, they act as a clearing-house for exchange of information within the United Nations system.

58. The United Nations Office at Vienna concentrated its assistance to transition economies largely through the European Centre for Social Welfare Policy and Research, and the newly created United Nations Institute on the Family in Bratislava, Slovakia. It has also begun work on the social aspects of reconstruction in Bosnia and Herzegovina and Croatia in close cooperation with the private sector and financial institutions, as well as with the Crime Prevention and Criminal Justice Programme.

59. Technical advisory services furnished by the former Centre for Social Development and Humanitarian Affairs in the areas of popular participation and cooperatives; local-level community, family-based and self-help approaches have been particularly valued. The Centre provided consultants, training and workshops to foster voluntary organizations, the introduction of appropriate unemployment-support mechanisms, the reform of social services administrations and the transfer of certain responsibilities to the private sector. Special attention was paid to entrepreneurship among women and enhancing the development of skills appropriate to the specific circumstances of the transition economies, as well as facilitating access to practical information on social welfare experience in Western Europe.

60. The United Nations Office at Vienna also provided multisectoral advisory services to assist Governments in the formulation and establishment of administrative structures to deal with the concerns of vulnerable groups, notably women, children, youth, the elderly and the disabled, particularly in view of rapid inflation and the wide weakening of social networks, some of which have been shattered. The current plight of these groups is often due to shortcomings in the coordination of social and economic policies or the frequent failure of the framers of financial policies to take into account the effects such measures would have on certain segments of the population.

61. The Crime Prevention and Criminal Justice Programme has been addressing critical problems facing the transition economies, including the rapid rise in crime rates and organized crime, money laundering and drug trafficking. It

fields consultants and organizes training programmes to deal with organized crime and economic criminality; with the establishment of national crime prevention councils; with improving court administration and management of the prison system; and with assisting victims of crime. The Programme also offers models and techniques of non-violent conflict resolution for use in those societies that increasingly recognize the legitimacy of the interests of many groups vital to society as a whole, as well as those of individual citizens, and that seek to serve them all through a system of checks and balances in the administration of justice.

B. United Nations Conference on Trade and Development

62. Following its mandate to examine the problems and opportunities for transition economies, as well as developing countries, in increasing their participation in international trade in the 1990s, UNCTAD has been preparing analytical studies for the forthcoming Trade and Development Board meeting in 1994. The transition economies are also participating actively in a number of UNCTAD's regular programme activities, particularly concerning trade (including the generalized system of preferences); technology and investment; and privatization and the streamlining of public sector firms. UNCTAD has also provided support for bringing the transition economies into its Automated System for Customs Data and its Debt Management and Financial Analysis Programme, as well as its multimodal transport and maritime transport activities.

63. In addition, UNCTAD has participated in a variety of missions, seminars and other meetings in which its advice, assistance and views on international trade and related matters have been passed on to officials from the transition economies. Wherever possible and appropriate, UNCTAD attempts to focus its assistance on regional issues, notably those involving developing and transition economies. Therefore particular attention has been paid to expanding opportunities for trade between the transition and the more traditional developing countries, notably those of the latter category that are also in transition, among these newly independent States in the eastern part of Europe. Furthermore, technical assistance based on training, dissemination of information, identification of trade opportunities and advisory services for the mutual benefit of trading partners are considered particularly urgent.

C. United Nations Development Programme

64. UNDP adopts a holistic approach to assisting the transition economies, recognizing that the simultaneous shifts in political structures and governance mechanisms, on the one hand, and in economic decision-making, on the other, are closely related to one another, as well as to the socio-psychological climate of the transition, including the human resource pool and the existing social and physical infrastructures within which refinement and adaptation will have to be pursued. UNDP's principal goals are to build the human capacity required for managing and consolidating the new political regimes; to foster economic transformation towards market-based decision-making while promoting sustainable development; and to foster an enabling social environment, which is imperative for UNDP assistance.

65. UNDP technical assistance falls into three general categories. First, the Programme seeks to respond to immediate needs by providing quick impact and short-term strategic advisory services, as well as training in socio-economic areas that are crucial to generate credibility and sustainability during the early phases. Second, it strives to build domestic capacity to coordinate and manage foreign assistance, as well as to strengthen human resources and support services to facilitate the implementation of assistance programmes. In all this, the highest priority is accorded to enhancing the recipient's capacity for self-sufficiency and demand-driven assistance, national execution, aid coordination and resource mobilization. Areas requiring additional assistance are identified and maximum support for the type of aid required is mobilized from the specialized agencies concerned. Finally, UNDP seeks to facilitate the policy dialogue between recipient Governments and various United Nations bodies in order to identify priority areas for assistance, the development of "short-term country frameworks" as a flexible programming tool, and the formulation of longer-term programmes.

66. Regional and national-level programmes have been initiated in several transition economies with priority areas for UNDP cooperation, including: (a) national capacity-building and support to aid coordination, (b) governance and democratization, (c) private-sector development, (d) human resource development and social concerns more generally and (e) environment and energy.

D. United Nations Environment Programme

67. Because of UNEP's role in catalysing environmental activities, the greater part of its programme in the transition economies is global or interregional, with regional and national applications. An increasing number of countries have joined the Global Environmental Monitoring System, the Regional Seas Programme, the activities for the protection and management of the Black Sea and the Environmental Management Plan for the Danube River Basin. Concrete projects that include Poland and the Russian Federation have been launched. Most recently, through its participation in the Lucerne Conference on Environment for Europe (April 1993), UNEP has contributed to the elaboration of the Environmental Action Programme for Central and Eastern Europe.

68. With a view to strengthening capabilities in transition economies, UNEP has organized (in part with ECE and OECD) workshops to train administrators in the methods and procedures of environmental planning and management, including those for developing clean technologies such training also covers the integration of these procedures with economic planning and management. In addition, in cooperation with UNESCO, UNEP is fostering greater awareness through its International Environmental Education Programme. It has also conducted numerous research and training activities on environmental subjects.

69. Because of the recent decision entitled "Action for countries with economies in transition", adopted by UNEP's Governing Council at its seventeenth session in May 1993, the Programme will henceforth assume a more active role in assisting transition economies facing urgent environmental problems that fall beyond the purview of assistance from most funding agencies. This decision also implies strengthening the UNEP Regional Office for Europe. Future activities will emphasize the transfer of technology; capacity- and institution-building;

legal and other expertise to permit these countries to ratify and implement global and regional environmental conventions; and public participation and environmental awareness.

E. United Nations Population Fund

70. UNFPA's strategy consists partly of continuing programmes that were already in place prior to the onset of the transitions in Albania, Eastern Europe and the former Yugoslavia. It has since expanded its activities to include four of the Central Asian States that succeeded to parts of the former Soviet Union (Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan) and the three Baltic States (Estonia, Latvia and Lithuania). It continues to channel technical advisory services through ECE and WHO.

71. In the Baltic and the Central Asian States listed above, UNFPA's activities are in their formative stages and consist chiefly of assessing the needs of the population and family planning. It is actively exploring possibilities of funding to support programmes it is unable to finance from its regular resources in order to improve the quality of service and to expand family-planning programmes launched by Governments or to make them available; to ensure availability of the same range and quality of the contraceptive technology common elsewhere in the world; to ensure that family planning decisions result from informed choices; and, in general, to maintain and encourage the momentum that exists in contraceptive prevalence during the ongoing economic crisis and generally weak resource base.

72. Elsewhere, UNFPA is considering intensifying its earlier limited population activities, provided funding can be ensured. These activities involve, to varying degrees, strengthening family planning services and information, education and communication, especially on carrying out a census and reporting and interpreting census data. In some countries, notably Bulgaria, most UNFPA activities have been in support of surveys and related undertakings concerning population dynamics. Elsewhere, especially in Hungary and Poland the vast bulk of assistance is being provided for demographic research and related workshops.

F. World Food Programme

73. WFP, in cooperation with UNHCR, has been providing emergency assistance to people displaced by civil strife in eastern Europe or those, as in Armenia, who have experienced devastating natural calamities. This includes several of the successor States of the former Soviet Union (particularly Armenia, Azerbaijan, Georgia and Tajikistan) and the former Yugoslavia (Bosnia and Herzegovina and Croatia). Once civil strife abates, WFP, in cooperation with other organizations, notably FAO, will formulate policies to come to grips with critical food supply situations other than emergency deliveries.

G. United Nations Centre for Human Settlements (Habitat)

74. To streamline its cooperation with the transition economies, Habitat set up a task force in May 1991 for its future cooperation with these countries. This

group reported in September 1991 on the diagnosis of the existing housing situation in these countries, defined the main issues of ongoing reform, and set priorities for UNCHS cooperation on the basis of the Global Strategy for Shelter to the Year 2000. These include assessments of the housing sector, land regulations and registration, labour-intensive urban work programmes and national housing and urban development policies. Technical cooperation projects and programmes have been formulated for seven transition economies (Albania, Belarus, Bulgaria, Hungary, Poland, Romania and the Russian Federation), but implementation has lagged because funds have been lacking. Interest in cooperation on the part of Croatia, Ukraine and the former Yugoslav Republic of Macedonia has also been expressed; in the case of Ukraine, a first assessment mission was fielded in late 1991.

75. Habitat underlines the importance that Governments from the transition economies attach to human settlements. It is prepared to respond to their requests and has done so to date from its regular resources. However, follow-up measures at project and programme level can be undertaken only if and when financial support becomes available.

H. United Nations Drug Control Programme (UNDCP)

76. At the request of Member States, UNDCP has recently established a coordination mechanism for bilateral and multilateral drug control programme assistance to the transition economies. Its principal focus is the legislative and institutional framework to deal with illicit drugs, once needs have been comprehensively assessed. It also has the potential for expansion into other aspects of drug control, such as demand reduction, which it considers a key element of national programmes. Concerted action at the national, regional and multilateral levels is urgently needed to halt a further increase in illicit drug production, consumption and trafficking. Unfortunately, for such activities, the dearth of reliable information on the nature and extent of drug-related problems in the transition economies constitutes a particular handicap.

I. International Labour Organisation

77. The role of ILO in providing assistance to the transition economies stems essentially from the fact that these economies are moving away from lifetime employment commitments and far-reaching social protection to a market-based system of allocating, utilizing, compensating and protecting labour resources. Creating and maintaining efficient and equitable labour markets, capable of making these human resource adjustments, will in many ways affect the speed and success of other elements of the transformations envisaged.

78. In addition, ILO's interests pertain to the development of a pluralistic democratic process in these countries. One reason is the close interrelationship between economic liberalization and pluralistic political reforms in any case. Another is the ILO's advocacy of tripartism among the State, employers and workers as separate and independent parties, each of which exercises specific functions, but needs to harmonize its interests with those of the others. Successful political restructuring will mean the establishment of an environment that is supportive of individual initiative and decentralized

decision-making, as well as respect for international labour standards, including the right to organize and bargain collectively and the right to freedom of association for both workers and employers.

79. Fostering tripartism in the transition economies presents special challenges because the vast bulk of economic activity will continue to be conducted by State-owned enterprises for some time to come, given the necessarily gradual progress in divestment that can realistically be expected. Furthermore, in a number of countries, the trade unions inherited from past regimes have retained certain rights and functions (including the appointment of management and labour inspection) that in market economies are normally carried out by other actors. Finally, the technical capability of the actors to carry out their functions calls for substantial improvement. This pertains not only to labour and employer representations, but also to the regulation, documentation and mediation of labour disputes.

80. A considerable challenge is presented by the weak nature of labour markets in transition economies. Although there is room for pursuing real-wage flexibility and greater labour mobility, the structural changes being undertaken in these economies, given generally weak markets, may unduly compress real wages without gaining a concurrent flexibility in labour mobility. This problem has various origins, including a lack of labour market information systems, the absence of collective bargaining and/or dispute-resolution mechanisms, inadequate employment services and overly narrow or outdated vocational training systems. ILO deems it essential that the unusual challenge of widespread unemployment and destitution be met swiftly, preferably in full cooperation with other United Nations agencies, including notably the Bretton Woods institutions, to avoid duplication and to ensure more effective delivery of appropriate assistance to the transition economies.

81. Against this background, ILO has been advocating, inter alia, through its assistance efforts, that both "active" policies aimed at improving the operation of labour markets and social safety nets for those most adversely affected by the transitions be developed as early as possible, either prior to or simultaneously with broad-based stabilization efforts. In addition, the Organization's efforts have focused on transmitting information on international labour standards so as to encourage the transition economies to adhere to them. This involves the development of legal codes and the establishment of institutions to monitor and enforce observance of labour standards, which in many transition economies hardly exist.

82. With a view towards developing a comprehensive, multi-disciplinary approach to assistance delivery, ILO in mid-1992 established the Multidisciplinary Team for Central and Eastern Europe and based it at Budapest. Cluster activities of assistance have included: (a) development of labour standards and their application, where possible in conformity with the ILO Convention and pertinent related documents, which have been translated into local languages and interpreted for government officials; (b) employment promotion, including work for vulnerable groups and regions disproportionately affected by the transitions, and labour market analyses for policy-making purposes; (c) vocational training and retraining to diversify the human-resource base, particularly in skills needed for small businesses, rural improvements, new technologies and policy advice on desirable changes in national educational

training systems; (d) small enterprise and cooperative development, including productivity enhancement and personnel administration as key vehicles for reabsorbing labour idled by the transition and creating jobs for new entrants; (e) affordable social security systems compatible with the emergent market environment; (f) a broad range of labour market information and statistics; (g) industrial relations, including those essential to strengthening tripartite relations, and labour administration, including the promotion of an effectively functioning public employment service; (h) working conditions; and (i) workers' and employers' activities.

J. United Nations Food and Agriculture Organization

83. Since the beginning of the transitions, FAO's task of providing technical oversight and supervision of all policy and planning work concerning assistance to the food and agricultural sectors has taken on a qualitatively as well as quantitatively different character. Its operations in the newer countries are wider-ranging and much more encompassing than elsewhere, owing largely to the lack of skilled personnel (in some cases simply lack of experience) in reorienting the food and agricultural sectors towards operating in a market environment or penetrating global markets, even if only through networking with established international institutions. In the latter case, most activities have been confined to specific sectoral reviews.

84. Aside from its own monitoring and analytical work, FAO provides technical cooperation on agricultural planning, policy analysis and institution-building; sectoral and subsectoral reviews; strengthening food control; training in agricultural project formulation, implementation, monitoring and evaluation; development of land tenure and information systems; agricultural mechanization; and post-harvest system development. In addition, it has organized a number of round tables, workshops and expert consultations on strategies for agricultural education and training, animal production, agricultural restructuring, fisheries and forest development. It has also furnished technical assistance in conveying information, notably in the context of the Global Information and Early Warning System.

85. FAO has found continuing difficulties in approaching conceptual issues related to open market economies, in part because these countries were not previously members of the Organization. 11/ Often the data collected are not tabulated in a readily usable form. Furthermore, linkages among policies at the national, sectoral and subsectoral levels tend to be lacking. FAO considers these linkages, as well as improving the quality rather than the quantity of information, vital to reaching greater market transparency.

K. United Nations Educational, Scientific and Cultural Organization

86. UNESCO's role lies in assessing the implications of the changes under way in the transition economies in relation to cultural impact, social conditions and behaviour, as well as education and training. Accordingly, the Organization seeks to conceptualize its activities within the framework of system-wide assistance, notably through UNDP and the emerging interim United Nations

offices. Hence it participates actively in Consultative Group meetings and the Task Force on Assistance to Newly Independent States, particularly in managing change within the educational and certain other social systems.

L. International Monetary Fund

87. IMF offers to all transition economies policy advice, technical assistance and financing in support of their shifts to market economies. It does so on the strength of its own resources, as well as in cooperation with other institutions, in part because in conjunction with the Commission of the EC, the Fund has been selected as the pivotal actor in mobilizing a wide range of assistance resources from the international community. Given its specific focus on macroeconomic policy, the World Bank is in practice the Fund's closest partner within the United Nations system, both at their respective Washington headquarters as well as in the field. But IMF also cooperates closely with many other United Nations bodies, especially with GATT on trade policy; with ILO on safety nets and social security; with UNCTAD on investment flows and privatization; and with ECE on policy analysis and trends, all chiefly through the Fund's Geneva office.

88. Financing is granted through the Fund's regular resources, for which membership is required, as well as the development of an agreed adjustment programme. For other transitional economies that have suffered severe disruptions in their traditional trade and payments arrangements due to a shift from significant reliance on trading at non-market prices to market-based trade, funds from the System Transformation Facility (created in 1993) can be accessed. Several of the successor States to the former Soviet Union qualify for this type of support, which is seen as a stepping stone to more traditional standby arrangements with the Fund once regular adjustment programmes can credibly be negotiated and implemented.

89. Policy advice has taken the form of numerous staff missions to the transition economies, as well as the preparation of staff reports on surveillance consultations with the Governments that are subsequently discussed by the Fund's Executive Board. Most transition economies have already undergone Article IV reviews. These are annual consultations that focus on managing the current account as these economies seek macroeconomic stabilization and undertake structural changes and on putting in place the essential institutions of a market economy, including the compilation, organization and utilization of appropriate statistical systems. But the Fund's policy advice, provided in cooperation with other multilateral agencies as well as national Governments, to the authorities of the transition economies reaches well beyond those endeavours. The range of IMF activities includes the establishment of a central bank and modernization of the banking system; development of financial and foreign-exchange markets; the creation of a national currency, particularly in many of the successor States of the former Soviet Union; aspects of budget reform through new tax systems, more efficient tax administration and expenditure management; and the creation of statistical information systems.

90. The Fund has provided substantial technical assistance by its own staff. 12/ It has also arranged for outside experts and staff members from other bilateral and multilateral institutions to work with these transition

economies under guidance of IMF. Training courses for officials from transition economies have been organized at IMF headquarters, the Joint Vienna Institute and in a number of countries by the IMF Institute. Resident representatives have been posted in most of these countries and the Fund is currently identifying candidates for others. It has also stationed technical experts in national banks and finance ministries in many countries.

91. An important component of the Fund's technical assistance activities has focused on enabling the transition economies to generate timely and appropriate macroeconomic data essential for policy formulation and analysis in an emerging market-based environment for decision-making. This programme centres mainly on statistics concerning the balance of payments, money and banking, and governance finance, all of which emanate from the obligation of member countries under the Articles of Agreement to report such data regularly to the Fund for analytical and statistical purposes, including the monitoring of developments under agreed programmes. Because of the nature of such programmes in the transition economies, the Fund has also been providing substantial technical assistance on price statistics and national accounts. So far, efforts have focused on reducing relatively short-run impediments in statistical information systems in terms of methodology and databases, as well as analytical work. In a number of transition economies, longer-term needs have been identified. These will be met, beginning in late 1993, by the appointment of resident statistical advisers who, together with specialized missions, will advise local authorities over a period of one to two years on how to improve statistical compilation, processing and reporting for economic policy purposes.

M. Universal Postal Union

92. Postal services were traditionally underdeveloped in the transition economies due to organizational and material handicaps, the consequences of which continue in the form of limited administrative experience and a trained workforce. To remedy this situation, UPU is carrying out a review of the postal sector as a first step in planning assistance. Seventeen transition economies are currently included in the programme. It envisages the preparation of technical assistance projects, where necessary with the assistance of a Regional Adviser or a sectoral support mission. It will increasingly emphasize the need to work towards a more commercial approach to postal service.

N. World Meteorological Organization

93. Given WMO's history of facilitating world-wide cooperation in the fields of meteorology, operational hydrology and related geophysical environmental matters, as well as the substantial deterioration of such services during the last decades of planning in transition economies, the Organization has undertaken a number of assessment missions in Eastern Europe with a view to drafting project documents for funding. With regard to the newly independent States, WMO held a meeting in February 1993 to familiarize representatives of these countries with the kinds of assistance the Organization could furnish, including the benefits of joining the World Climate Programme. The participants stressed their need for modern equipment, materials and monitoring networks, as well as the need for training personnel at various levels. Sectoral support

missions to 10 newly independent States are planned for the remainder of 1993. From 1994 onwards, WMO plans to focus on assessing needs, providing services and expertise, facilitating linkages with regional and international activities and promoting technical cooperation among the transition economies. However, these activities depend upon securing funding through UNDP. A Donors' Meeting is now scheduled for the first half of 1994.

O. World Bank

94. The World Bank sees its role in the transition economies essentially as facilitating the shifting of both capital and labour to growing market-based economic activities. Because of the social cost of such transformations, the Bank is also investing in social services. The central themes of its activities to date are the following: (a) micro- and macroeconomic policy reform to foster sustainable growth; (b) human resource development, including support for the design and implementation of social safety nets; (c) institutional developments, particularly those that support the emerging capacity for fiscal and financial management and for the legal and regulatory systems so necessary in a market environment; (d) private sector development, including the elimination of entry barriers, divestment and financial sector reform; (e) infrastructure rehabilitation and development; and (f) environment, including national efforts to improve the use of energy and natural resources, as well as regional initiatives, such as the Danube and Aral Sea programmes.

95. In response to the Bank's growing membership, due largely to the recent inclusion of the transition economies, and the unique constellation of tasks affecting these countries, the Bank has created two new seats on its Board of Executive Directors. It has also responded to the needs of the transition economies by mobilizing resources and rapidly increasing the number of staff working in the region. Four country departments now deal with the economies in transition. Further, the Bank has placed resident missions in Albania, Bulgaria, Hungary, Poland, Romania and the Russian Federation, as well as regional missions in Latvia, Ukraine and Uzbekistan. The Bank has also committed substantial resources to the transition economies. In fiscal 1993 (ending in June 1993), IBRD committed $3.2 billion (half for the successor States of the former Soviet Union and the rest for Eastern Europe) in 21 loans and the International Development Association (IDA) $100 million in 5 loans. For fiscal 1994, the number of projects is expected to reach some 40, totalling $5 billion in new commitments.

96. The Bank accords high priority to all aspects of aid coordination. It views Consultative Group meetings, which it is mandated to organize in a number of countries, as an important instrument in this regard. Such meetings or preparations for such meetings have already been held for Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, the Russian Federation and Uzbekistan. It also works closely with the Group of Twenty-four and the Consultative Group meetings for Albania and the Baltic States.

P. International Maritime Organization

97. Given the technical character of its mandate, the safety aspects of shipping and the prevention of pollution from ships, IMO promotes the formulation and adhesion to international standards and provides technical assistance to help States to improve the efficiency and competitiveness of their maritime sectors, as well as their ability to become more efficiently involved in international trade. In line with these objectives, IMO has organized technical assistance projects, notably in Romania, including work on regional issues for these countries.

98. Many of the transition economies have now become or are reasserting their status as maritime powers, in part because the regionally organized fleets of the former Soviet Union have now devolved to its successor States. Several countries that had not been members of IMO have recently joined the Organization; these new members include Albania, the Czech Republic, Estonia, Georgia, Latvia, Slovakia and Slovenia. IMO is now clarifying its procedures for seeking membership, as well as the possible scope of its activities for other potential members.

99. The new States in particular lack an endogenous capability to provide professional maritime administration services, including registration of ships, safety and pollution measures and means for their implementation, classification and surveillance, and search and rescue operations. Modest financial support should be earmarked for technical assistance to establish suitable maritime administrations and to train personnel, notably at the World Maritime University in Malmö.

Q. World Intellectual Property Organization

100. Given its mandate to promote the protection of intellectual property throughout the world through cooperation among States, WIPO's activities focus on intergovernmental cooperation in the administration of intellectual property and substantive programme activities, as well as the registration of patents, inventions and trade marks. These are of particular relevance to the newly independent States among the transition economies, which have to set up their own system of intellectual property protection. It is also important for other countries that, for one reason or another, had previously chosen to adhere to intellectual property regimes that were not well coordinated with global practices.

101. WIPO's activities therefore consist of establishing or upgrading intellectual property legislation, as well as setting up or modernizing patent offices and national copyright administrations; accession to WIPO treaties; upgrading the patent information services through up-to-date technology, including compact-disk technology (CD-ROM); and training in the field of intellectual property. In 1992-1993, legislative advice was extended to 15 countries and advice on accession to WIPO treaties to 7 countries. In addition, WIPO has made available CD-ROM technology and information for those transition economies that have acceded to the Patent Cooperation Treaty and/or the Madrid Agreement on trade marks. Information has also been made available to other countries, largely the newer ones, that are currently exploring

potential accession to these instruments. WIPO has also organized two regional symposia on patents and inventions. Efforts are under way to create a regional system of industrial property protection in the former Soviet Union. Further activities along the above lines are planned.

R. General Agreement on Tariffs and Trade

102. GATT's involvement in the transition economies includes the regularization of accession treaties (notably for Hungary, Poland and Romania) on the basis on which market economies normally accede; the negotiation of accession treaties for others (notably Bulgaria) that had applied to do so prior to the onset of the political revolutions; the requests for observer status and later for full accession of countries that have not been involved thus far with GATT or that now hold only observer status; the regularization of the status of the newly independent States relative to the obligations assumed by the former unions (the successor States to the former Czechoslovakia, Soviet Union and Yugoslavia); and the conclusion of various kinds of trading arrangements. 13/

103. There are now four transition countries for which accession Working Parties have been established (Albania, Bulgaria, the Russian Federation and Slovenia); the Czech Republic and Slovakia have assumed the obligations of the former Czechoslovakia. Three contracting parties (Hungary, Poland and Romania) are engaged in reviewing their protocols of accession. Several other transition economies (notably Croatia and Lithuania) have expressed an interest in acceding, but have not so far taken this step officially. Many other transition economies are now observers at GATT. The remaining exceptions are Georgia, Kyrgyzstan, Tajikistan and Uzbekistan. However, many of these observers, particularly the successor States of the former Soviet Union, are not participating actively in the various GATT bodies, in part because they lack standing missions in Geneva.

104. Apart from pure notification procedures, of which the secretariat subsequently informs the contracting parties, GATT is involved in facilitating the process of formulating requests for observer status or full accession and in opening negotiations through the various Working Parties. To ensure efficiency in the established negotiation process, it may be called upon to provide technical assistance concerning the General Agreement and the ways in which it has been administered, as well as broader aspects of its application in terms of desirable features of trade and foreign exchange regimes.

S. International Fund for Agricultural Development

105. IFAD can assist only its member States. Of the transition economies, only Romania is an original member of the Fund; Albania, Armenia and Kyrgyzstan joined only recently. One project in Albania is now being submitted to IFAD's Executive Board; it deals with rural development in the northern districts of the country, essentially proposing the injection of cash into the most seriously affected rural populations primarily for supporting labour-intensive rural works and small credit schemes to strengthen employment and alleviate poverty. With the other countries, discussions to identify suitable interventions are under way.

106. The aims, achievements and obstacles to facilitating the transitions through IFAD's mechanisms can be specified only after the organization has accumulated experience in the region.

VII. CONCLUDING OBSERVATIONS

107. Integration into the world economy is ultimately the result of administrative decisions, international agreements, membership and participation in multilateral institutions as well as the spontaneous trade, financial, communication and technological links created by the interplay of market forces. The dynamics of the latter depend not only on the domestic institutional transformation of transition economies, but also on the policies and economic vigour of partner countries. A more buoyant international economy, particularly in Western Europe, and increased access to markets can do much to quicken the process of integrating the transition economies into the world economy. Still, international cooperation policies have a major role to play in enhancing the integration process.

108. Virtually all the United Nations bodies have been involved in one way or another in assisting the transition economies. Some have done so by transferring financial resources. Most have been delivering technical assistance of various kinds, including information about the broader environment into which the transition economies wish to integrate. This includes analyses of global economic developments in general and the policies adopted by the Group of Seven in particular, as well as of the policies necessary to facilitate the integration of the world economy as a whole in the interest of enhancing stability, predictability, reliability and growth for all country groups. They have highlighted the role of key multilateral agencies, such as the EC, in determining policies or in monitoring national policies so that a proper international environment is maintained.

109. Among the types of assistance delivered by United Nations bodies is technical information. Various agencies have done so either directly from their accumulated stores of knowledge or by adapting this "capital stock" to the specific requirements of the transition economies. Some agencies have done so quickly. Others have only recently embarked on such activities or plan to do so in the near future.

110. Given the situation of the transition economies and the wide array of needs to be met, far more technical assistance, including aid in the field of information, could be rendered by United Nations agencies to enhance the integration of these economies into the global framework, while offsetting the unavoidable adjustment costs incurred in the process. Many agencies have not been able to deliver as much as they have deemed desirable, or even necessary, because of financial constraints. Existing budgets leave only marginal scope for incremental assistance. In many cases, ad hoc funds have been sought, but often not yet found.

111. None the less, policy makers in transition economies and technical assistance institutions recognize that the type and range of aid being provided by the international community in general and the various United Nations agencies in particular could be improved through better coordination and more

effective targeting. These objectives can be realized by concentrating on three tenets of formulating a coherent delivery strategy. The first is a needs assessment carried out by transition economies themselves, covering both their domestic and group-wide situation. This assessment must demonstrate a sustainable consensus on each country's will to move forward with incisive economic, political and social transformations. The second element involves ascertaining thoroughly not only the commitment of donors to transferring resources, but the form this aid will take and the timetable of its availability. The third is clear sequencing of aid delivery from the multiplicity of donors to the many potential recipients.

Notes

1/ For the purpose of this report, the geographical compass has been limited to the countries in the eastern part of Europe that were formerly characterized by one-party rule, sometimes in a larger polity than now exists, and by an economic system anchored to some form of administrative planning. These include: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, the Russian Federation, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, the former Yugoslav Republic of Macedonia and Yugoslavia (Serbia and Montenegro). Several agencies submitted materials on other economies that they deemed to be in transition or that they included for budgeting and/or programming purposes in their efforts to assist countries in transition. This information has not been reflected in this report, however.

2/ E/1991/82.

3/ A/46/3/Rev.1.

4/ A number of agencies have a programming and planning cycle that extends beyond end-1994, and the information they submitted with respect to near-term planned activities therefore extends to their respective horizons.

5/ The transition economies considered here (at least in their former union or federal status) were active full members, except Albania, which ceased participation in late 1960 although it never revoked membership, and the former Yugoslavia, which was an associate member.

6/ It derives that name from the fact that the disintegration of the Soviet Union in late 1991 led the United States to convene a conference in Washington, D.C., 22-23 January 1992, on conceptualizing and streamlining assistance to the successor States (other than the Baltic States) among the principal multilateral agencies and donor countries involved. Assistance efforts to these successor States has recently been concentrated increasingly within the context of the Group of Seven with the Fund acting essentially as executing agency.

7/ No transition economy has acceded to the General Agreement since the political changes of the late 1980s. Those that were not already observers have since assumed this status (except Georgia, Kyrgyzstan, Tajikistan and Turkmenistan). Several observers have submitted their request for full accession, however, and Working Parties have already been established.

8/ For example, projecting domestic demand for one or another product or product category on the basis of sampling techniques presumes that some fundamental patterns of societal behaviour are known with some probability. Because the transition economies are being so fundamentally reconstructed, behavioural patterns are hard to determine at this juncture.

9/ In countries where basic human resources and material and institutional infrastructures are available, the extra cost would amount essentially to financing travel and per diem for United Nations staff and perhaps funds for temporary consultants. Sizeable expenditures could be justified only if directly linked to a substantial improvement in basic information infrastructure, including human resources and institutional arrangements, in transition economies with weak statistical capabilities.

10/ In addition to inputs from central organs, replies were received from UNCTAD, UNDP, UNEP, UNFPA, WFP, ECLAC, ESCWA, Habitat (UNCHS), UNDCP, ILO, FAO, UNESCO, IMF, UPU, WMO, World Bank, IMO, WIPO, IFAD and GATT. ECLAC and ESCWA reported that they have not so far been involved in assisting the economies in transition, although several of these countries have taken a more active part in some of the regional organizations' regular activities.

11/ The successor States of the Soviet Union other than the three Baltic States have yet to join or apply for observer status.

12/ In the case of the successor States of the former Soviet Union, for example, this amounted to 80 person-years in fiscal 1993.

13/ These include the Association Agreements signed with the EC and the European Free Trade Association (EFTA) by several countries of Eastern Europe; the customs union between the Czech Republic and Slovakia; the Central European Free Trade Agreement among the Czech Republic, Hungary, Poland and Slovakia; and the free trade agreements of Finland, Norway, Sweden and Switzerland with the Baltic States.

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INTERNATIONAL ASSISTANCE FOR THE REHABILITATION AND RECONSTRUCTION OF NICARAGUA: AFTERMATH OF THE WAR AND NATURAL DISASTERS

I. INTRODUCTION

1. During the decade of the 1980s, the Central American stage was one of armed struggle based on grave social conflicts. The Nicaraguan revolution of 1979 ended an extended period of dictatorship, but for internal and external reasons, the country was soon involved again in a generalized armed conflict. In El Salvador, in 1980, a civil war began that would take more than 75,000 lives and represent an investment of US$ 4,500 million in this small country. In Guatemala, a war that began in the 1960s between military factions gained new life in the 1980s and a large percentage of the population was forced to emigrate. In Honduras, the anti-Sandinista war also destabilized the country which saw military aid increase vertiginously from $9 million in 1980 to $81 million in 1986. This strengthened an army that already exercised a great political and economic role in the society. And even Costa Rica, without an army and with its democracy intact, felt pressures to "militarize" as well as to exert political repression when faced with violent incidents and strong social demands within a shrinking economy.

2. The growing volatility and external intervention, catalysed a Latin American effort to end the Central American crisis by establishing mechanisms to guarantee peace. The presidential summit meetings of Esquipulas I in 1986 and Esquipulas II in 1987, supported by the earlier efforts of the Contadora Group, began an era of Central American initiatives to build the foundation for a lasting peace in the region.

3. The Esquipulas Declaration of 25 May 1986 1/ recognized that "peace in Central America can be achieved only through an authentic democratic process that is pluralistic and participatory, which entails the promotion of social justice and respect for human rights, the sovereignty and territorial integrity

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* A/48/150 and Corr.1.

of States and the rights of every nation to choose, freely and without outside interference of any kind, its own economic, political and social pattern, it being understood that such a choice is the result of the freely expressed will of the peoples concerned".

4. In the Esquipulas II Agreement of 7 August 1987, 2/ procedures were defined to establish lasting peace in Central America, including as principal steps: national reconciliation based on dialogue and amnesty and the creation of a National Reconciliation Commission; cease-fires; democratization; free elections; termination of aid to irregular or insurgent forces; prevention of the use of the territory of any Central American State to destabilize its neighbours; negotiations over security, verification, and arms control; aid to refugees and displaced persons; cooperation between Central American countries for development and democracy; and international verification and follow-up.

5. In the above-cited procedures, the Central American Presidents requested the presence of the Secretary-General of the United Nations or his representative on an International Commission of Verification and Follow-up of the Agreements, and the assistance of the Office of the United Nations High Commissioner for Refugees (UNHCR) to help refugees and displaced populations.

6. At the request of the Central American Governments, the United Nations General Assembly, in its resolution 42/231 of 12 May 1988, welcomed the Special Plan of Economic Cooperation with Central America (PEC) to support the peace process. In May 1989, within the PEC framework, CIREFCA (International Conference for Central American Refugees) was convoked in which the situation of each country was defined with regard to the formulation of national reconciliation plans.

7. The second phase of PEC (1992-1994) continues to prioritize the areas of displaced, demobilized and repatriated population as well as the strengthening of the institutions of Central American integration.

8. The participation of the United Nations in order to achieve peace in Central America, at the petition of the Central American Presidents, was supported by the United Nations Security Council in its resolution 637 (1989) of 27 July 1989.

9. Nicaragua arrived at a high point with free and open elections in February 1990, and the first peaceful transition between politically polarized parties in March of that year. The United Nations monitored and observed the entire electoral process through the United Nations Observer Mission to verify the electoral process in Central America (ONUVEN) and the demobilization of the irregular troops through the United Nations Observer Group in Central America (ONUCA).

10. The new Government created the foundation for reconciliation with the Programme of National Reconciliation and Rehabilitation (PRRN), formulated with the support of the United Nations Development Programme (UNDP). Since 1990, the end of the war has permitted the demobilization of the irregular forces (20,000 combatants) and a very significant reduction in the army (from 92,000 to 16,200) and attention for 350,000 displaced persons and refugees.

11. Significant advances have also been achieved in terms of political liberty, freedom of the press and of conscience. A growing independence between branches of Government and a strengthening of the relative power of the legislative and judicial branches is also being implemented.

12. Economically, a stabilization programme has permitted the reduction of the annual inflation rate from five-digit figures in the 1980s to 4 per cent in 1992 and under 20 per cent in the first five months of 1993. Public sector finances have also improved with the overall cash deficit reduced from 31.2 per cent of gross domestic product (GDP) in 1992 to 10.8 per cent of GDP in 1992.

13. Structural adjustments, in the context of the market-oriented systemic transformation, have included the abolition of the State monopoly in banking and traditional exports; bank regulation and supervision; a unified foreign exchange rate without excessive controls; the privatization of public enterprises; and reductions in the State administrative apparatus.

14. Nevertheless, these programmes have not sufficed to reactivate the Nicaraguan economy. In the last years, the rate of growth of Nicaragua's GDP has been stagnant (-0.6 per cent in 1991, +0.8 per cent in 1992, with +1.5 per cent foreseen for 1993). This means sustained negative per capita economic growth rates, taking into account the country's high population growth rate of over 3.4 per cent.

15. The above-cited factors have translated in the deterioration of social conditions that were already critical in 1990. It is estimated that more than 70 per cent of the population live in poverty, that malnutrition affects over 20 per cent of the children, and that unemployment or underemployment affect over 45 per cent of the labour force. In 1993, the drop-out rate in elementary education stood at 70 per cent.

16. Thus, although the war is over and military confrontation seems a remote chance, the sustained deterioration of social conditions has undermined the credibility in the democratic political institutions. And in the North and the Atlantic coast, social crisis has produced the rearming of some former combatants from both sides of the civil war in addition to widespread banditry. Recently the Government has initiated a new process of national dialogue to discuss the continuing political crisis.

17. During the transition to peace, the country has also been affected by natural disasters. Between 9 and 13 April 1992, the Cerro Negro Volcano, situated in central Pacific Nicaragua, exploded, depositing a cover of sand and ash over an area of 240 square kilometres and affecting a population of 150,000, including the city of León, neighbouring urban zones as well as what has traditionally been Nicaragua's principal agricultural zone.

18. The first of September 1992, a seaquake of 7.0 on the Richter scale created tidal waves between 8 and 15 metres high which affected the Pacific Coast along more than 250 kilometres. On the coastline, 26 communities with a population of approximately 40,000, the majority of very limited resources, suffered damage or destruction of their infrastructure, housing, and means of livelihood.

19. Thus, as an initiative of the countries of the region, including Nicaragua, along with supporters, the United Nations General Assembly adopted resolution 47/118 of 18 December 1992 and resolution 47/169 of 22 December 1992.

20. In its resolution 47/118, the General Assembly requested that the Secretary-General and the organizations of the United Nations system lend support and asked the international community to increase its backing for peace, liberty, democracy and development in Central America to prevent the material limitations of the region from reversing the achievements made. It furthermore reiterated the importance the Special Plan of Economic Cooperation for Central America had for the implementation of that resolution, in particular because it provided the underpinning for the execution of the Central American Economic Plan of Action.

21. In its resolution 47/169, the General Assembly dealt directly with Nicaragua, and asked the international community to continue its support of Nicaragua at levels high enough to overcome the scars of war and the natural disasters and to stimulate the process of reconstruction and development. At the request of the Government of Nicaragua, it requested the Secretary-General to provide Nicaragua with all possible assistance to support the consolidation of peace, in aspects such as the settlement of the displaced and demobilized persons and refugees, land ownership and land tenure in rural areas, direct care for war victims, mine clearance, overcoming difficulties in the restoration of productive areas and, in general, support for a process of sustained recovery and development that would make the peace and democracy attained irreversible.

22. The present report is submitted pursuant to paragraph 5 of General Assembly resolution 47/169.

II. ACTIVITIES OF THE UNITED NATIONS SYSTEM IN NICARAGUA PURSUANT TO GENERAL ASSEMBLY RESOLUTION 47/169

23. The following describes the activities of the United Nations system in Nicaragua during the transition to peace.

A. Agencies/organs of the United Nations system: contributions in different fields

24. The list that follows provides a brief description of contributions by United Nations agencies other than the United Nations Development Programme (UNDP):

(a) The United Nations Capital Development Fund: social and productive infrastructure, non-conventional credit in poor rural areas, both complementing the PRODERE programme;

(b) The United Nations Children's Fund (UNICEF): social policy formulation, primary health care, decentralization and expansion of Mother/Child care services, basic and special education for disabled children, water and sanitation, integrated rural development;

(c) The World Food Programme (WFP): supplementary food for schoolchildren and assistance to hospitals; rural development and dairy promotion;

(d) The United Nations Population Fund (UNFPA): Mother/Child care and family planning, population education, and collection of basic demographic data through the Living Standard Measurement Survey (1993) and the National Population Census (1994);

(e) UNHCR: assistance and protection to refugees from other countries and Nicaraguan repatriates, mainly through quick impact projects (QIPs);

(f) The Food and Agriculture Organization of the United Nations (FAO): institutional reform of agricultural sector, food-security planning, conservation and management of natural resources, utilization of fertilizers, training of peasant women;

(g) The World Health Organization/Pan American Health Organization (WHO/PAHO): rehabilitation of infrastructure, immunization, nutrition, training of human resources for planning and administration in the field of health;

(h) The International Atomic Energy Agency (IAEA): experimental activities for improving the yields of certain crops and for diagnosing livestock diseases;

(i) The International Labour Organization (ILO): rehabilitation of disabled persons and skill-labour training;

(j) The United Nations Educational, Scientific and Cultural Organization (UNESCO): basic and adult education. Diverse programmes with the Ministry of Education such as teacher training, new methodologies, curriculum reform and educational materials. With UNICEF, it supports programmes of rural and informal education, whose focus is aimed towards the real experiences of the people.

25. In addition, financial institutions (World Bank and the International Monetary Fund (IMF)) are providing technical support and financial support to the Government's Economic Stabilization and Structural Adjustment Programme, and for reform in such areas as the State banking system.

B. Activities of the United Nations Development Programme from 1990 to the present

26. In support of the Government's reconciliation project (PRRN), UNDP began to formulate, execute and promote projects that support the process of national reconciliation, directed towards the populations that were especially affected by the war and to attend the specific needs of the country related to the transition to peace.

1. Activities in areas of former conflict

27. To ensure a legitimate reinsertion and lasting peace, it was vital to create adequate socio-economic conditions and to guarantee personal security. To that end, projects of integral development were designed in the zones of conflict in the north and on the Atlantic coast such as PRODERE (Development Programme for the Displaced, Refugee and Repatriated) and PRORAAS (Project for the Integral Development of the Displaced, Refugee and Repatriated Population in Two Zones of the Autonomous Region of the South Atlantic).

28. PRODERE, in the northern region of conflict, financed by the Government of Italy ($23 million) has worked since 1990 to achieve peace by giving impulse to productive reactivation and diversification, as well as the generation of employment and income, creating basic social conditions for the well-being of the population and working for human rights. In order to assure its sustainability, PRODERE is preparing its transfer to a local development agency in 1994.

29. PRORAAS, in the southern Atlantic region, financed by the Government of the Netherlands ($1 million) works in a region hit hard by the civil war, where the majority of Nicaragua's indigenous people live, traditionally isolated from the rest of the country. PRORAAS works to improve basic conditions of health, sanitation, education and certain productive activities in the region. Currently, PRORAAS is in the process of looking for additional funding to allow its continuation through 1994 and geographic expansion within the region.

Emergency agricultural project

30. The process of rehabilitation and reintegration continues among former combatants. In March and April 1993, at the joint request of ex-commandants of the Nicaraguan Resistance, the National Union of Farmers and Cattlemen (UNAG), whose members include the Sandinista cooperatives, and members of the National Directorate of the Sandinista National Liberation Front, UNDP helped to formulate an emergency project to stimulate agricultural production in the severely depressed northern region for the current productive cycle (May-December 1993). The project is designed to assist 6,000 poor rural families and repatriated former combatants. In addition to supporting this "campesino" organization, it will supply financing, technical assistance and guidelines for the commercialization of their products.

2. Activities nationwide

(a) Strengthening the rule of law

31. The project to strengthen the Judicial Branch of the Nicaraguan Government, co-financed by Sweden, at a cost of $7.7 million, seeks to establish local judiciary authorities all over the country, including places where they did not exist, and improve the training of judges and the conditions under which they work.

(b) Consolidation of State and civil society institutions

32. The electoral institution is being developed by means of technical assistance for the elaboration of a permanent Electoral Registry.

33. Institutional development is an area that from the very first received UNDP support through the Management Development Programme (MDP), which targeted public sector institutions in the macroeconomic area, and now will be extended to the social sectors. Additionally, support has been provided to the privatization process, and in particular to the National Privatization Corporation (CORNAP), through projects co-financed by the Governments of Sweden and Norway as well as the Inter-American Development Bank.

34. The design of the new system of Social Security has been undertaken by UNDP with the National Institute of Social Security and Welfare (INSSBI).

35. Reform of the National Council of Universities, the organization that coordinates and advises the centres of university and technical education, is ongoing.

36. In response to the critical need for financing for small producers who, at present, are excluded from bank financing, in 1993 a project has begun to provide training to local organizations (non-governmental organizations) in order to create local credit provision capacity to better serve small-scale producers.

37. Given the country's weak database, and in addition to the ongoing Living Standard Measurement Survey, LSMS (funded by UNDP, UNICEF and the Governments of Sweden and the United States, and executed by the World Bank), major projects are planned in terms of agricultural statistics and a population and housing census. Improved information will also help to address the key need to strengthen the country's strategic planning capability, to be complemented by highly specialized advisory services.

38. Decentralization and municipal strengthening has been a priority for the Government. Within this framework, the United Nations Centre for Human Settlements (Habitat), with financing from the Government of Finland and from UNDP, since 1989 has supported the implementation of a system of municipal information over local problems centred on housing and living conditions. In 1993, with a financial contribution from Sweden, the municipalities will move forward in their efforts to improve their financial autonomy through the development of local catastros. The knowledge of urban composition will permit the municipalities greater efficiency in tax policies and collection and planning.

39. Institutional development has also included two critical areas for Nicaragua today: agriculture and external commerce policies and programmes. Two projects, co-financed with the Inter-American Development Bank, aim to support the recovery and diversification of agricultural production (especially export commodities), and the comprehensive international commerce and investment promotion programme.

(c) Consolidation of the private sector

40. Recognizing the importance of establishing an enabling environment for the private sector, UNDP has initiated and plans to expand in the immediate future activities in three areas: consultations through surveys and forms with a broad array of private sector actors; promotion of foreign investment through an agricultural trade fair designed to match both national and international investors with specific projects; and a private sector programming mission to draw up, with the Government, the private sector and the donor community, a comprehensive programme to promote entrepreneurship and private investment.

41. Nicaraguan small and micro-scale private businesses provide 442,000 jobs or two thirds of the active labour force. UNDP identified a critical sector to which no assistance was directed: small- and micro-scale manufacturing/ productive enterprises. In 1992 UNDP with indicative planning figure (IPF) funds provided technical assistance and training in business administration to approximately 1,300 small-scale businessmen. UNDP will possibly execute in the near future (co-financed by Austria) two follow-up projects: one would replicate the project carried out, and the second would work with a Nicaraguan non-governmental organization (FUDEMI) to make it a viable credit provider for these small- and micro-scale manufacturing businesses.

42. The privatization agreements in Nicaragua established that 25 per cent of shares of privatized business should go to workers. UNDP with the assistance of the International Labour Organisation (ILO) is currently designing a project to benefit principally those industries in which workers have over 50 per cent of the shares. The design of the project is part of a dialogue between UNDP and interested Nicaraguans.

3. Assistance to population affected by natural disasters

(a) Cerro Negro Volcano

43. After the explosion of the Cerro Negro Volcano in April 1992, the Government put out a call for international assistance and the response of the international community was immediate. The disaster management team began to coordinate international community activities and to support the Government.

44. Within this framework and in constant consultation with the Government of Nicaragua, the disaster management team concentrated its assistance in six programmes:

(a) Nutrition for children and pregnant women, to distribute powdered milk and sugar and give immediate attention to a large number of children;

(b) Food programme to feed 10,000 people for a period of 10 days, evaluating the need for future actions for a period of up to four months;

(c) Health, water and sanitation programme, to provide medical services and paediatric attention to the needy;

(d) Installation and infrastructure for camps with the object of providing logistic services;

(e) Radio communication, to provide the camps with communication equipment connected to the External Cooperation Ministry and United Nations offices;

(f) Technical assistance, made up of an inter-agency mission in order to evaluate the damages caused by the explosion.

45. UNDP-Special Programme Resources assisted directly by providing plastic bags, black plastic for tarps to cover food and ground, and blankets for $50,000.

46. Perhaps the most positive outcome of the disaster assistance was the community committees that were organized with UNDP assistance to deal with the crisis. UNDP has worked to strengthen these committees, for example with a $50,000 credit for a revolving fund to be administered by a Community Bank. The loans made through this fund are designed to rehabilitate family productive businesses such as poultry or grazing animals.

(b) Tsunami

47. In the aftermath of the tsunami that hit the Pacific coast in September 1992, UNDP took an active role in rebuilding. In the municipalities of Tola, San Juan del Sur and El Viejo, UNDP assisted residents left homeless in building temporary camps for shelter and providing other emergency assistance. In a second phase, these 97 families, assisted by an expert, built new homes with contributions from UNDP, the Office of the United Nations Disaster Relief Coordinator (UNDRO) and the Government of Switzerland. Sites for these homes were chosen for greater security, building space and were constructed to be anti-seismic.

48. In a similar project, UNDP with IPF funds of $366,800 and donations from Australia, Austria, Luxembourg, Sweden and the United Kingdom of Great Britain and Northern Ireland totalling approximately $400,000, set up a three-part project in the municipality of León to construct houses for 179 families in a similar fashion. WFP, WHO-PAHO, and UNICEF were involved in both projects in order to provide food, and to assist with the latrine system and to assure a safe water supply for the community. This second project in León, however, added two new aspects: the creation of a revolving credit fund administered through a local non-governmental organization and an agency of social and economic development, and the establishment of a disaster warning, prevention, and assistance system.

49. Finally, in a project designed to reactivate the principal economic activity in the coastal communities affected by the tsunami, UNDP assisted the Government of Nicaragua in a project to rebuild and improve small-scale fishery activity in 19 communities. The project provides new boats and motors for over 300 fishermen who lost their boats in the tidal wave (each boat carries a crew of three). The project also provides training for over 1,800 fishermen from the communities.

4. New forms of assistance

(a) Support in the formulation and implementation of integral strategies and policies

50. As mentioned in previous documents, one of the main problems in transition is the lack of integral strategies and policies, owing to multiple reasons including institutional weakness and pressure by external organisms. Furthermore, the polarization within Nicaragua has contributed to an anti-planning bias, given the centralized structure of the previous Government.

51. The term "integral policies" is used to refer to policies which are based on the specific features of each country and take into account the reciprocal influence and interdependence of activities undertaken in different spheres (economic, political, social, environmental, etc.).

52. By mid-1992, UNDP Nicaragua set up a Task Force on Democratic Governance and Economic Development, directly supporting the Resident Representative in the analysis of the Nicaraguan situation and in the formulation of integral proposals. Financed by the Government of Sweden, this team proved useful for significantly increasing the capacity of the UNDP office in Nicaragua for analysis and advocacy.

53. This bore fruit when, at the petition of the Ministry of the Presidency, the UNDP office in Nicaragua in consultation with other United Nations agencies assisted the Government in the design of a development strategy that would combine the economic policies with social policies and with the improvement of democratic governance. The result was the strategy of reactivation in the spirit of solidarity that was announced by President Violeta Chamorro in her state of the nation address in January 1993.

54. The strategy of reactivation seeks, through community participation, to improve the quality of and access to social services, and to activate the productive resources in the hands of poor Nicaraguans.

55. Now the United Nations system is working to harmonize new projects and, when possible, projects in course, with the above-mentioned strategy. Through institutional support and community action programmes under way or envisioned by UNDP, UNICEF, UNFPA, WFP, and WHO/PAHO, the programme areas tied to the strategy include: support to the recently established Ministry for Social Action in order to elaborate in participatory form the social agenda; collaboration with the Ministry in the horizontal transfer of certain features of the Mexican Solidarity Programme (PRONASOL); productive communities and human settlements programmes; support to the Emergency Social Investment Fund co-financed by the Inter-American Development Bank, particularly for project formulation and the insertion of the Fund within the community development programme under the auspices of the Ministry; and food aid for temporary employment provided by WFP.

56. Also related to strategy are the basic health, water and sanitation, infant survival, nutrition, immunization programmes supported by WHO/PAHO and UNICEF; maternal/child health and family planning project supported by UNFPA with co-financing from the Government of Norway; and the supplementary food and integral child-care project funded by WFP. In light of the integral nature of

the strategy, all these efforts will increasingly involve community participation within an overall poverty reform framework.

(b) Support for the concertation process

57. Another characteristic of the Nicaraguan transition has been the need for ample consensus for significant decisions and policies. At the moment the country is engaged in a process of national dialogue over the important economic, political and social themes in search of a solution based on consensus.

58. Emphasizing that the decisions reached should be national, UNDP has supported the dialogue process through various mechanisms:

(a) By strengthening of the negotiating capacity of the principal actors (Government, Sandinista Front for National Liberation (FSLN), National Opposition Union (UNO)) through workshops on negotiation;

(b) By contributing inputs for discussion through investigations, surveys, and so on;

(c) By creating scenes for discussion, such as forums or seminars. For example, UNDP organized a forum on production, on 26 March, with the participation of over 100 producers from all sectors, cabinet ministers, the nation's most prestigious economists, and the international community. Perhaps the most notable consequence was the public attention to the needs of this sector and finally an agreement for greater government support in the context of the current national dialogue.

(c) Support for processes of social development and organization for participation

59. UNDP advocacy of the need for integrated strategies and policies and participatory approaches has been a contributing factor in the creation, in January 1993, of the above-mentioned Ministry of Social Action, charged with formulating the social policy and implementing community participation.

60. UNDP was the primary cooperation agency in the design of the Ministry for Social Action. Recently, through UNDP advice and support, the Ministry has initiated a project of community development nationwide that seeks to form and organize the communities to participate. Furthermore UNDP has signed a preparatory assistance agreement to support the Ministry in the formulation of a social policy.

III. EXTERNAL ASSISTANCE

61. The foreign debt of the country at this moment is over $10,000 million. Taking into account the size of the population (4 million), Nicaragua has the highest per capita debt in the world. The gross domestic product (GDP) in 1992 was under $2 billion, for a per capita GDP of $431. More than 40 per cent of the GDP came from foreign aid, half of this amount in the form of loans. The

country is creating new debt at a rate of $400 million annually. Even in the best case, Nicaragua will depend on external aid until the turn of the century.

62. Therefore it is extremely important that an international agreement would permit Nicaragua to renegotiate its debt to a manageable level that would not impede the country's development; and would guarantee the levels of assistance that the country needs until it reaches self-reliance.

63. For this task the United Nations could be the best advocate. Also, owing to its specific characteristics, especially the lack of vested interests, credibility, and its multisectoral approach, the United Nations system would be an excellent agent to assist the country in the design of the national policies necessary to define the assistance needs for the future.

Notes

1/ See Official Records of the General Assembly, Fortieth Year, Supplement for April, May and June 1986, document S/40/1119, S/18106, annex.

2/ Ibid., Forty-second Year, Supplement for July, August and September 1988, document A/42/521-S/19085, annex.

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INTERNATIONAL ASSISTANCE FOR THE REHABILITATION AND RECONSTRUCTION OF NICARAGUA: AFTERMATH OF THE WAR AND NATURAL DISASTERS

Report of the Secretary-General

Corrigendum

The heading of the document should read as above.

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